

111TH CONGRESS  
1ST SESSION

# H. R. 2012

To promote youth financial education.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 2009

Mr. PAYNE introduced the following bill; which was referred to the Committee on Education and Labor

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## A BILL

To promote youth financial education.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PROMOTING YOUTH FINANCIAL LITERACY.**

4 Title IV of the Elementary and Secondary Education  
5 Act of 1965 (20 U.S.C. 7101 et seq.) is amended by add-  
6 ing at the end the following:

7 **“PART D—PROMOTING YOUTH FINANCIAL**  
8 **LITERACY**

9 **“SEC. 4401. SHORT TITLE AND FINDINGS.**

10 “(a) SHORT TITLE.—This part may be cited as the  
11 ‘Youth Financial Education Act’.

12 “(b) FINDINGS.—Congress finds the following:

1           “(1) In order to succeed in our dynamic Amer-  
2           ican economy, young people must obtain the skills,  
3           knowledge, and experience necessary to manage their  
4           personal finances and obtain general financial lit-  
5           eracy. All young adults should have the educational  
6           tools necessary to make informed financial decisions.

7           “(2) Despite the critical importance of financial  
8           literacy to young people, the average student who  
9           graduates from high school lacks basic skills in the  
10          management of personal financial affairs. A nation-  
11          wide survey conducted in 2006 by the Jump\$tart  
12          Coalition for Personal Financial Literacy examined  
13          the financial knowledge of 5,775 12th graders. On  
14          average, survey respondents answered only 52 per-  
15          cent of the questions correctly. This figure is up only  
16          slightly from the 50 percent average score in 2002.

17          “(3) An evaluation by the National Endowment  
18          for Financial Education High School Financial  
19          Planning Program undertaken jointly with the  
20          United States Department of Agriculture Coopera-  
21          tive State Research, Education, and Extension Serv-  
22          ice demonstrates that as little as 10 hours of class-  
23          room instruction can impart substantial knowledge  
24          and affect significant change in how teens handle  
25          their money.

1           “(4) State educational leaders have recognized  
2           the importance of providing a basic financial edu-  
3           cation to students in kindergarten through grade 12  
4           by integrating financial education into State edu-  
5           cational standards, but by 2004, only 7 States re-  
6           quired students to complete a course that covered  
7           personal finance before graduating from high school.

8           “(5) Teacher training and professional develop-  
9           ment are critical to achieving youth financial lit-  
10          eracy. Teachers should be given the tools they need  
11          to educate our Nation’s youth on personal finance  
12          and economics.

13          “(6) Personal financial education helps prepare  
14          students for the workforce and for financial inde-  
15          pendence by developing their sense of individual re-  
16          sponsibility, improving their life skills, and providing  
17          them with a thorough understanding of consumer  
18          economics that will benefit them for their entire  
19          lives.

20          “(7) Financial education integrates instruction  
21          in valuable life skills with instruction in economics,  
22          including income and taxes, money management, in-  
23          vestment and spending, and the importance of per-  
24          sonal savings.

1           “(8) The consumers and investors of tomorrow  
2           are in our schools today. The teaching of personal  
3           finance should be encouraged at all levels of our Na-  
4           tion’s educational system, from kindergarten  
5           through grade 12.

6           “(9) Despite worrisome data about the lack of  
7           basic financial literacy among our Nation’s high  
8           school students, the Department of Education obli-  
9           gates less than 1 percent of its educational improve-  
10          ment funds toward financial education efforts.

11   **“SEC. 4402. STATE GRANT PROGRAM.**

12          “(a) PROGRAM AUTHORIZED.—The Secretary is au-  
13          thorized to provide grants to State educational agencies  
14          to develop and integrate youth financial education pro-  
15          grams for students in elementary schools and secondary  
16          schools.

17          “(b) STATE PLAN.—To be eligible to receive a grant  
18          under this section, a State educational agency shall submit  
19          an application that includes a State plan that is approved  
20          by the Secretary.

21          “(c) ALLOCATION OF FUNDS.—

22                  “(1) ALLOCATION FACTORS.—Except as other-  
23          wise provided in paragraphs (2) through (4), the  
24          Secretary shall allocate the amounts made available

1 to carry out this section pursuant to subsection (a)  
2 as follows:

3 “(A) The first \$100,000,000 for a fiscal  
4 year shall be allocated on a competitive basis  
5 based solely upon the merit of the applications  
6 submitted.

7 “(B) Any remaining amounts shall be allo-  
8 cated to each State according to the relative  
9 populations in all the States of students in kin-  
10 dergarten through grade 12, as determined by  
11 the Secretary based on the most recent satisfac-  
12 tory data.

13 “(2) MINIMUM ALLOCATION.—Subject to the  
14 availability of appropriations and notwithstanding  
15 paragraph (1), a State that has submitted a plan  
16 under subsection (b) that is approved by the Sec-  
17 retary shall be allocated an amount that is not less  
18 than \$500,000 for a fiscal year.

19 “(3) REALLOCATION.—In any fiscal year an al-  
20 location under this subsection—

21 “(A) for a State that has not submitted a  
22 plan under subsection (b); or

23 “(B) for a State whose plan submitted  
24 under subsection (b) has been disapproved by  
25 the Secretary;

1 shall be reallocated to States with approved plans  
2 under this section in accordance with paragraph (1).

3 “(4) FUNDING THRESHOLD.—Until appropria-  
4 tions for programs under this Act exceed  
5 \$30,000,000, the Secretary shall conduct an annual  
6 competitive application process with funding distrib-  
7 uted among the States based solely upon the merit  
8 of the applications submitted.

9 “(d) USE OF GRANT FUNDS.—

10 “(1) REQUIRED USES.—A grant made to a  
11 State educational agency under this part shall be  
12 used—

13 “(A) to provide funds to local educational  
14 agencies and public schools to carry out finan-  
15 cial education programs for students in kinder-  
16 garten through grade 12 based on the concept  
17 of achieving financial literacy through the  
18 teaching of personal financial management  
19 skills and the basic principles involved with  
20 earning, spending, saving, investing, credit, and  
21 insurance;

22 “(B) to carry out professional development  
23 programs to prepare teachers and administra-  
24 tors for financial education; and

1 “(C) to monitor and evaluate programs  
2 supported under subparagraphs (A) and (B).

3 “(2) LIMITATION ON ADMINISTRATIVE COSTS.—

4 A State educational agency receiving a grant under  
5 subsection (a) may use not more than 4 percent of  
6 the total amount of the grant in each fiscal year for  
7 the administrative costs of carrying out this section.

8 “(e) APPLICATIONS BY STATES.—In order to receive  
9 an allotment under this section for any fiscal year, a State  
10 shall submit to the Secretary, at such time as the Sec-  
11 retary may require, an application that—

12 “(1) designates the State educational agency as  
13 the agency responsible for the administration and  
14 supervision of programs assisted under this part;

15 “(2) describes how the State educational agency  
16 will use funds received under this part, including  
17 funds reserved for State-level activities;

18 “(3) describes how the programs assisted under  
19 this part will be coordinated with other relevant  
20 Federal, State, regional, and local programs;

21 “(4) contains an assurance that the State edu-  
22 cational agency will make awards under this part  
23 only to eligible entities that propose to give priority  
24 to serving—

25 “(A) low-income populations; and

1           “(B) populations that are above the pov-  
2           erty level but are low income working popu-  
3           lations;

4           “(5) describes the procedures and criteria the  
5           State educational agency will use for reviewing appli-  
6           cations and awarding funds to eligible entities on a  
7           competitive basis;

8           “(6) describes how the State educational agency  
9           will ensure that awards made under this part are of  
10          sufficient size and scope to support high-quality, ef-  
11          fective programs that are consistent with the pur-  
12          pose of this part;

13          “(7) describes the steps the State educational  
14          agency will take to ensure that programs implement  
15          effective strategies, including providing ongoing  
16          technical assistance and training, evaluation, and  
17          dissemination of promising practices;

18          “(8) provides an assurance that the application  
19          was developed in consultation and coordination with  
20          appropriate State officials, including the chief State  
21          school officer, representatives of teachers, the busi-  
22          ness community, and community-based organiza-  
23          tions; and

24          “(9) describes how the State educational agency  
25          will evaluate the effectiveness of programs and ac-



1       activities carried out under this part, which shall in-  
2       clude, at a minimum—

3               “(A) a description of the performance indi-  
4               cators and performance measures that will be  
5               used to evaluate programs and activities; and

6               “(B) public dissemination of the evalua-  
7               tions of programs and activities carried out  
8               under this part.

9       “(f) LOCAL COMPETITIVE GRANT PROGRAM.—

10              “(1) IN GENERAL.—A State that receives funds  
11       under this part for a fiscal year shall provide the  
12       amount made available under this section to eligible  
13       entities in accordance with this part.

14              “(2) APPLICATION.—

15               “(A) IN GENERAL.—To be eligible to re-  
16       ceive an award under this part, an eligible enti-  
17       ty shall submit an application to the State edu-  
18       cational agency at such time, in such manner,  
19       and including such information as the State  
20       educational agency may reasonably require.

21               “(B) CONTENTS.—Each application sub-  
22       mitted under subparagraph (A) shall include—

23                   “(i) a description of how the eligible  
24               entity will use funds received under this  
25               part;

1 “(ii) an identification of Federal,  
2 State, and local programs that will be com-  
3 bined or coordinated with the proposed  
4 program to make the most effective use of  
5 public resources;

6 “(iii) a description of the partnership  
7 between a local educational agency, a com-  
8 munity-based organization, and another  
9 public entity or private entity, if appro-  
10 priate;

11 “(iv) an evaluation of the community  
12 needs and available resources and a de-  
13 scription of how the program proposed to  
14 be carried out in the center will address  
15 those needs;

16 “(v) a demonstration that the eligible  
17 entity has experience, or promise of suc-  
18 cess, in providing educational and related  
19 activities that will complement and en-  
20 hance positive youth development of the  
21 students; and

22 “(vi) if the eligible entity plans to use  
23 volunteers, a description of how the eligible  
24 entity will encourage and use individuals

1 with appropriate financial literacy quali-  
2 fications to serve as the volunteers; and

3 “(vii) such other information and as-  
4 surances as the State educational agency  
5 may reasonably require.

6 “(3) AMOUNT OF AWARDS.—A grant awarded  
7 under this part may not be made in an amount that  
8 is less than \$50,000.

9 “(4) PRIORITY.—In awarding grants under this  
10 part, a State educational agency shall give priority  
11 to applications proposing to give priority to serv-  
12 ing—

13 “(A) low-income populations; and

14 “(B) populations that are above the pov-  
15 erty level but are low income working popu-  
16 lations.

17 “(g) REPORT TO THE SECRETARY.—Each State edu-  
18 cational agency receiving a grant under this section shall  
19 transmit a report to the Secretary with respect to each  
20 fiscal year for which a grant is received. The report shall  
21 describe the programs supported by the grant and the re-  
22 sults of the State educational agency’s monitoring and  
23 evaluation of such programs.

1 **“SEC. 4403. CLEARINGHOUSE.**

2 “(a) **AUTHORITY.**—Subject to the availability of ap-  
3 propriations, the Secretary shall make a grant to, or exe-  
4 cute a contract with, an eligible entity with substantial ex-  
5 perience in the field of financial education to establish, op-  
6 erate, and maintain a national clearinghouse (in this part  
7 referred to as the ‘Clearinghouse’) for instructional mate-  
8 rials and information regarding model financial education  
9 programs and best practices.

10 “(b) **ELIGIBLE ENTITY.**—In this section, the term  
11 ‘eligible entity’ means—

12 “(1) an institution of higher education; or

13 “(2) a national nonprofit organization.

14 “(c) **APPLICATION.**—An eligible entity desiring to es-  
15 tablish, operate, and maintain the Clearinghouse shall  
16 submit an application to the Secretary at such time, in  
17 such manner, and accompanied by such information, as  
18 the Secretary may reasonably require.

19 “(d) **BASIS AND TERM.**—The Secretary shall make  
20 the grant or contract authorized under subsection (a) on  
21 a competitive, merit basis for a term of 5 years.

22 “(e) **USE OF FUNDS.**—The Clearinghouse shall use  
23 the funds provided under a grant or contract made under  
24 subsection (a)—

25 “(1) to maintain a repository of instructional  
26 materials and related information regarding finan-

1        cial education programs for elementary schools and  
2        secondary schools, including kindergartens, for use  
3        by States, localities, and the general public, that  
4        take into account limited-English populations and  
5        cultural differences and sensitivities among various  
6        populations;

7            “(2) to disseminate to States, localities, and the  
8        general public, through electronic and other means,  
9        instructional materials and related information re-  
10       regarding financial education programs for elementary  
11       schools and secondary schools, including kinder-  
12       gartens; and

13           “(3) to the extent that resources allow, to pro-  
14       vide technical assistance to States, localities, and the  
15       general public on the design, establishment, and im-  
16       plementation of financial education programs for ele-  
17       mentary schools and secondary schools, including  
18       kindergartens.

19           “(f) CONSULTATION.—The administrator of the eligi-  
20       ble entity selected to establish and operate the Clearing-  
21       house shall consult with community-based organizations,  
22       educational institutions, and financial organizations, and  
23       with appropriate elements of the Federal Government, if  
24       appropriate.

1       “(g) SUBMISSION TO CLEARINGHOUSE.—Each Fed-  
 2 eral agency or department that develops financial edu-  
 3 cation programs and instructional materials for such pro-  
 4 grams shall submit to the Clearinghouse information on  
 5 the programs and copies of the materials.

6       “(h) APPLICATION OF COPYRIGHT LAWS.—In car-  
 7 rying out this section the Clearinghouse shall comply with  
 8 the provisions of title 17 of the United States Code.

9       **“SEC. 4404. EVALUATION AND REPORT.**

10       “(a) PERFORMANCE MEASURES.—The Secretary  
 11 shall develop measures to evaluate the performance of pro-  
 12 grams assisted under sections 4402 and 4403.

13       “(b) EVALUATION ACCORDING TO PERFORMANCE  
 14 MEASURES.—Applying the performance measures devel-  
 15 oped under subsection (a), the Secretary shall evaluate  
 16 programs assisted under sections 4402 and 4403—

17               “(1) to judge their performance and effective-  
 18 ness;

19               “(2) to identify which of the programs rep-  
 20 resent the best practices of entities developing finan-  
 21 cial education programs for students in kindergarten  
 22 through grade 12;

23               “(3) to identify which of the programs may be  
 24 replicated and used to provide technical assistance to  
 25 States, localities, and the general public; and

1           “(4) to assess whether educational practices de-  
2       scribed herein increased the aptitude and ability of  
3       students to manage financial resources including  
4       credit cards, insurance, savings accounts and stu-  
5       dent loans.

6           “(c) REPORT.—For each fiscal year for which there  
7       are appropriations under section 4407(a), the Secretary  
8       shall transmit a report to Congress describing the status  
9       of the implementation of this part. The report shall in-  
10      clude the results of the evaluation required under sub-  
11      section (b) and a description of the programs supported  
12      under section 4402.

13   **“SEC. 4405. DEFINITIONS.**

14           “In this part:

15           “(1) FINANCIAL EDUCATION.—The term ‘finan-  
16       cial education’ means educational activities and ex-  
17       periences, planned and supervised by qualified teach-  
18       ers, that enable students to understand basic eco-  
19       nomic and consumer principles, acquire the skills  
20       and knowledge necessary to manage personal and  
21       household finances, and develop a range of com-  
22       petencies that will enable the students to become re-  
23       sponsible consumers in today’s complex economy.

24           “(2) QUALIFIED TEACHER.—The term ‘quali-  
25       fied teacher’ means a teacher who holds a valid

1 teaching certification or is considered to be qualified  
2 by the State educational agency in the State in  
3 which the teacher works.

4 “(3) STATE.—The term ‘State’ includes the  
5 District of Columbia, the Commonwealth of Puerto  
6 Rico, and any other territories or possessions of the  
7 United States.

8 **“SEC. 4406. PROHIBITION.**

9 “Nothing in this part shall be construed to authorize  
10 an officer or employee of the Federal Government to man-  
11 date, direct, or control a State, local educational agency,  
12 or school’s specific instructional content, curriculum, or  
13 program of instruction, as a condition of eligibility to re-  
14 ceive funds under this part.

15 **“SEC. 4407. AUTHORIZATION OF APPROPRIATIONS.**

16 “(a) AUTHORIZATION.—For the purposes of carrying  
17 out this part, there are authorized to be appropriated, for  
18 each of fiscal years 2010 through 2014, the following:

19 “(1) GRANT PROGRAM.—\$100,000,000 to carry  
20 out section 4402.

21 “(2) CLEARINGHOUSE.—\$1,500,000 to carry  
22 out section 4403.

23 “(b) LIMITATION ON FUNDS FOR SECRETARY EVAL-  
24 UATION.—The Secretary may use not more than \$200,000  
25 from the amounts appropriated under subsection (a) for



1 each fiscal year to carry out subsections (a) and (b) of  
 2 section 4404.

3 “(c) LIMITATION ON ADMINISTRATIVE COSTS.—Ex-  
 4 cept as necessary to carry out subsections (a) and (b) of  
 5 section 4404 using amounts described in subsection (b)  
 6 of this section, the Secretary shall not use any portion of  
 7 the amounts appropriated under subsection (a) for the  
 8 costs of administering this part.”.

9 **SEC. 2. FUNDING SETASIDE FOR FINANCIAL LITERACY AC-**  
 10 **TIVITIES.**

11 Part D of title V of the Elementary and Secondary  
 12 Education Act of 1965 is amended by inserting after sec-  
 13 tion 5401 (20 U.S.C. 7241) the following:

14 **“SEC. 5402. FUNDING SETASIDE FOR FINANCIAL LITERACY**  
 15 **ACTIVITIES.**

16 “Notwithstanding any other provision of this title,  
 17 the Secretary shall set aside two percent of the funds ap-  
 18 propriated to carry out this part for each fiscal year. The  
 19 funds set aside shall be used to support financial literacy  
 20 activities under subpart 13.”.

